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VIA ELECTRONIC FILING

Jocelyn G. Boyd, Esquire
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

RE: Docket No. 2018-217-E, Tariff and Billing Procedures for Implementing the Terms of House Bill 4375, Including the Rate Reduction Imposed by S.C. Code Ann. § 58-34-20.

Dear Ms. Boyd:

On June 27, 2018, the South Carolina General Assembly enacted House Bill 4375 ("H. 4375") which amends the Base Load Review Act, S.C. Code Ann. §§ 58-33-210, *et seq.* (the "BLRA") in a number of ways. Specifically, H. 4375, *inter alia*:

- Orders the Commission to exercise its authority pursuant to § 58-27-870(F) to provide an experimental rate (the "Experimental Rate") that SCE&G customers will pay during the pendency of litigation currently before the Commission, which rates must exclude the rate increases authorized in the following orders (collectively, the "2011-2016 Revised Rate Orders"):
 - Docket No. 2011-207-E, Order No. 2011-738;
 - Docket No. 2012-186-E, Order No. 2012-761;
 - Docket No. 2013-150-E, Order No. 2013-680(A);
 - Docket No. 2014-187-E, Order No. 2014-785;
 - Docket No. 2015-160-E, Order No. 2015-712; and
 - Docket No. 2016-224-E, Order No. 2016-758;
- Orders the Commission to monitor the Experimental Rate during the pendency of the matters currently before it and to alter that rate if it determines an adjustment to be necessary to satisfy constitutional requirements of utility ratemaking; and

- Suspends all provisions of Article 7, Chapter 27, Title 58 that conflict with H. 4375 for purposes of the utility rates provided for therein.

(See generally H. 4375.)

On June 29, 2018, South Carolina Electric & Gas Company ("SCE&G") filed a Complaint (the "Complaint") in Federal District Court for the District of South Carolina (the "Court"), naming the Commissioners of the Public Service Commission of South Carolina (the "Commission"), in their official capacities, as defendants. The Complaint is styled as *South Carolina Electric & Gas Company v. Swain E. Whitfield, et al.*, and seeks a declaration that H. 4375, as enacted, is unconstitutional, and requests that the Court preliminarily enjoin implementation of H. 4375. In furtherance of its Complaint, SCE&G is filing with the Court, contemporaneously with this submission to the Commission, a Motion for Preliminary Injunction (the "Motion"), as well as a Memorandum of Law in Support thereof. Because the Complaint is intertwined with the above-referenced docket, and in light of S.C. Code Ann. § 58-3-260, SCE&G was unable to communicate with the Commission prior to filing that Motion to determine whether the Commission would consent to it. By way of this letter, SCE&G hereby respectfully requests that the Commission consent to SCE&G's Motion by agreeing to expedited proceedings in the Court so that the constitutional issues raised by the Complaint can be addressed promptly and without the risk of the irreparable harm that SCE&G faces in the event that H. 4375, as enacted, is not enjoined.. To further protect the interests of all parties, including ratepayers, SCE&G is prepared to place in escrow the funds that would otherwise be taken from SCE&G by operation of H. 4375, pending the Court's resolution of SCE&G's request for declaratory judgment and injunctive relief. This limited, prophylactic relief is in the public interest, will not harm any party, and will aid the Court in its consideration of the important constitutional issues raised in this case. It is also necessary to prevent substantial and irreparable harm to SCE&G. If the Commission is willing to consent to SCE&G's request for a preliminary injunction, please let us know immediately so that we may communicate that consent to the Court.

In the event that the Commission is not willing to consent to the Motion and instead wishes to proceed with setting an experimental rate, SCE&G, by and through the undersigned counsel, hereby submits these proposed provisions for implementing H. 4375. SCE&G does not consent to application of H. 4375, but submits these provisions because it has been informed that the Commission intends to take action to implement the mandates of H. 4375 in a specially scheduled business meeting to be held on July 2, 2018, at 2:00 p.m. This letter is submitted in anticipation of that meeting.

As stated above, SCE&G has initiated proceedings to contest the constitutionality, legality, and enforceability of H. 4375. However, and if the Commission persists in implementing H. 4375 over SCE&G's objection, SCE&G believes that the interests of its customers, the public, and the orderly administration of its billing system require that a reasonable, practical, and workable method be devised for implementing the rate reduction decreed by H. 4375 if the Commission is required to do so. Accordingly, SCE&G is providing the following information to assist the Commission in devising such a method.

Now, without waiving, and while specifically preserving, all objections to the constitutionality and legality of H. 4375 and S. 954 – which is H. 4375’s companion bill, that has been passed by both Houses of the South Carolina General Assembly and is awaiting the Governor’s signature – SCE&G proposes the following as a reasonable, practical, and workable means to implement the terms of H. 4375:

1. **Rate Reductions:** SCE&G has identified the increases in each component of its approximately 25 retail electric rates that were authorized by the 2011-2016 Revised Rate Orders. Using that information, SCE&G has identified the decrement in each component of its retail electric rates that is necessary to off-set the prior increases on a temporary basis. Those decrements are set forth in *Exhibit 1* to this letter.
2. **Allocation of Rate Reductions:** The rate increases authorized by the 2011-2016 Revised Rate Orders were allocated across multiple rate components, including basic facilities charges, summer and winter demand charges, summer and winter on peak and off peak energy charges, and inverted and declining block rates with summer and winter variations. These allocations were made under generally accepted and Commission-approved rate design principles. To ensure that customers are treated equitably in the reductions decreed by H. 4375, those reductions must be allocated among rate components in the same manner as the original increases.
3. **Tariff Sheets:** The specific rate changes necessary to make these allocations are set forth on the tariff sheets attached as *Exhibit 1* to this letter. These rate changes have been allocated in the same way as the original increases under the 2011-2016 Revised Rate Orders and effectively cancel them out.
4. **H. 4375 Rate Decrement Rider:** H. 4375 states that the rate reductions it imposes are temporary in nature and will cease upon “the issuance of the Public Service Commission’s final order on the merits in the matters before the commission.” S. 954 states that “the Public Service Commission must issue a final order on the merits for a docket in which requests were made pursuant to the Base Load Review Act no later than December 21, 2018.” Accordingly, the tariff sheets attached as *Exhibit 1* reflect a rate decrement rider (the “H. 4375 Rate Decrement Rider”) to apply to bills rendered from the first billing cycle of August 2018, until the last billing cycle of December 2018, or such earlier date as the Commission issues its order on the merits in Docket No. 2017-370-E.
5. **Showing the Reduction on Customers’ Bills:** For transparency to customers, SCE&G intends to present the decrement amount as a separately stated line-item reduction in customers’ bills.
6. **Implementation in the August Billing Cycle:** SCE&G believes that it can program, test, and verify its billing system to accurately present the rate decrement on retail electric customers’ bills beginning with the first billing cycle

of August 2018. SCE&G will inform the Commission in writing if it encounters unforeseen difficulties in doing so. SCE&G does not believe that it would be reasonable or prudent to implement the rate reductions prior to that time. In any case, customers will receive rate credit back to the billing month of April 2018, regardless of when the prospective rate reduction takes effect, so customers will receive the full amount of the reduction decreed by H. 4375.

7. **Refunds of Prior Collections under the 2011-2016 Revised Rate Orders:** As indicated above, H. 4375 requires SCE&G to provide refunds to customers of the amounts collected under the 2011-2016 Revised Rate Orders after April 1, 2018. SCE&G proposes to implement this requirement by providing customers with one-time bill credits in the August 2018 billing cycle. These bill credits will be calculated using the specific amount billed to each customer under the 2011-2016 Revised Rate Orders during the billing months of April, May, June, and July of 2018. Customers receiving bills in August 2018 will receive the credits which will be based on their electricity usage and charges during the prior four billing months.
8. **Programing the H. 4375 Rate Decrement Rider into the Billing System:** Programing SCE&G's billing system to compute and display the H. 4375 bill decrements and bill credits on customers' bills is a complex task. SCE&G issues approximately 720,000 customer accounts per month. Decrement amounts must be calculated for bills rendered over 20 separate billing cycles and 25 individual electric rates. Decrement amounts must be computed for each of the multiple rate components (as described above) that apply under those 25 individual rates. Bill credit refunds must be computed on the same basis using customers' billing determinants for all rates and rate components over the billing months of April, May, June, and July. Billing is a matter of great customer sensitivity. Billing mistakes are highly disruptive to customers and contact centers and if made are difficult to explain or correct to customers' satisfaction.
9. **Contact Centers:** Whenever SCE&G implements any changes in its rates or billing, SCE&G must train the approximately 350 people working in its three contact centers, 15 local business offices, and related areas of the company to understand the changes and to respond to customer inquiries regarding them. Preparing training materials and training all shifts at all contact centers and business offices can take a number of weeks. Training is particularly difficult to schedule in the summer months, when contact center volumes peak with high-bill inquiries.
10. **Timing Considerations:** SCE&G does not believe that it will be feasible to program, test, and verify its billing system to accurately compute and present rate decrements or bill credits before the first billing cycle of August 2018. Nor does SCE&G believe that it would be advisable to issue bills reflecting those changes before customer contact center and local business office personnel have been fully trained to respond to customer inquiries concerning them. For this reason, and

those described above, SCE&G proposes that the rate reduction decrements and bill credits take effect on the first billing cycle of August 2018.

11. **Statutory and Regulatory Authority:** SCE&G's request concerning the timing of the implementation of the H. 4375 Decrement Rider and the crediting of rate refunds is made pursuant to S.C. Code Ann. § 58-27-2120 and 10 S.C. Code Ann. Regs. R. 103-853(A). Under S.C. Code Ann. § 58-27-2120:

an order [of the Commission] shall take effect and become operative twenty days after the service thereof, unless otherwise provided If an order cannot, in the judgment of the Commission be complied with within 20 days, the Commission may grant and prescribe such additional time as in its judgment is reasonably necessary to comply with the order and may, on its application and for good cause shown, extend the time for compliance fixed in its order.

Similarly, the Commission's regulations, at 10 S.C. Code Ann. Regs. R. 103-853(A), state:

Commission Orders shall take effect and become operative when served by registered or certified mail, unless otherwise designated If an Order cannot be complied with within prescribed time limit, the Commission may grant such additional time as in its judgment is reasonably necessary to comply with the Order.

10 S.C. Code Ann. Regs. R. 103-853(A).

In the interest of the orderly administration of its utility billing and customer contact system, SCE&G respectfully requests that the Commission exercise its authority under Section 58-27-2120 and Reg. 103-853(A) to grant SCE&G until the first billing cycle of August 2018 to implement the H. 4375 Decrement Rider and the rate refunds discussed above. SCE&G believes that it has shown good cause why additional time to comply with the Commission's anticipated order in this matter is reasonably necessary, and further, that the refunds envisioned under H. 4375 will prevent unreasonable harm to customers if the requested relief is granted. For those reasons, SCE&G respectfully requests that any order issued by the Commission in this matter incorporate the deadlines set forth above.

In addition to the tariff sheets contained in *Exhibit 1*, SCE&G is also providing as *Exhibit 2* an affidavit from Byron W. Hinson attesting to the truthfulness and accuracy of the factual matters stated in this letter, and as *Exhibit 3* a proposed order consistent with the matters set forth above .

By copy of this letter, SCE&G is providing counsel for the Office of Regulatory Staff ("ORS") with a copy of SCE&G's request and encloses a certificate of service to that effect.

Respectfully submitted,

/s/ Belton T. Zeigler

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